



Commonwealth of Massachusetts
Office of the State Auditor
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Making government work better

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East Bridgewater Housing Authority

For the period July 1, 2009 through December 31, 2010



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In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor has conducted an audit of certain activities of the East Bridgewater Housing Authority for the period July 1, 2009 through December 31, 2010. The objectives of our audit were to review and analyze the Authority's management controls and practices over certain areas and functions for the purpose of determining their adequacy and review its compliance with applicable laws, rules, and regulations. In addition, we reviewed the Authority's progress in addressing the conditions noted in our prior audit report (No. 2008-0645-3A).

Based on our audit, we have concluded that during the period July 1, 2009 through December 31, 2010, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

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Our prior report indicated that the Authority had not fully resolved issues involving: (a) lack of board approval for its property maintenance plan, (b) unfunded modernization initiatives, and (c) congregate unit vacancies. Our current audit revealed that the Authority has adequately resolved these prior issues.

INTRODUCTION

Background

The East Bridgewater Housing Authority is authorized by and operates under the provisions of Chapter 121B of the Massachusetts General Laws, as amended. The Authority has 96 one-bedroom apartments located at Riddell Road and 33 one-bedroom apartments located at Prospect Street for elderly residents (Chapter 667), eight one-bedroom apartments located at Prospect Street for handicapped residents (Chapter 689), and eight three-bedroom apartments located at Prospect Street for family residents (Chapter 705).

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor has conducted an audit of certain activities of the Authority for the period July 1, 2009 through December 31, 2010. The objectives of our audit were to determine the Authority's compliance with applicable laws, rules, and regulations, and to review and analyze its management controls and practices over the following areas and functions for the purpose of determining their adequacy: (1) tenant selection; (2) preparation and reoccupation of vacant units; (3) rent determinations; (4) collectability of accounts receivable; (5) site inspections; (6) payroll, travel, and fringe benefits; (7) disbursements; (8) inventory controls over property and equipment; (9) contract procurement; (10) cash management and investment practices; (11) Department of Housing and Community Development (DHCD)-approved budgets versus actual expenditures; (12) level of need for operating subsidies and operating reserves; and (13) the administration of modernization funds to determine, among other things, the existence of any excess funds. We also conducted a follow-up review of the Authority's progress in addressing the issues noted in our prior audit report (No. 2008-0645-3A), which covered the period July 1, 2006 through March 31, 2008.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To achieve our audit objectives, we reviewed the following:

- Tenant-selection procedures to verify that tenants were selected in accordance with DHCD regulations.
- Vacancy records to determine whether the Authority adhered to DHCD procedures for preparing and filling vacant housing units.
- Annual rent-determination procedures to verify that rents were calculated properly and in accordance with DHCD regulations.
- Accounts receivable procedures to ensure that rent collections were timely and that uncollectible tenant accounts receivable balances were written off properly.
- Site-inspection procedures and records to verify compliance with DHCD inspection requirements and that selected housing units were in safe and sanitary condition, and to determine whether the Authority has in place an updated official written property maintenance plan for its managed properties.
- Procedures for making payments for payroll, travel, and fringe benefits to verify compliance with established rules and regulations.
- Authority expenditures to determine whether they were reasonable, allowable, and applicable to the Authority's operations and were adequately documented and properly authorized in accordance with established criteria.
- Property and equipment inventory-control procedures to determine whether the Authority properly protected and maintained its resources in compliance with DHCD requirements.
- Contract procurement procedures and records to verify compliance with public bidding laws and DHCD requirements for awarding contracts.
- Cash management and investment policies and practices to verify that the Authority maximized its interest income and that its deposits were fully insured.
- DHCD-approved operating budgets for the fiscal year in comparison with actual expenditures to determine whether line-item and total amounts by housing program were within budgetary limits and whether required fiscal reports were submitted to DHCD in a complete, accurate, and timely manner.
- Operating reserve accounts to verify that the Authority's reserves fell within DHCD provisions for maximum and minimum allowable amounts and to verify the level of need for operating subsidies to determine whether the amount earned was consistent with the amount received from DHCD.

- Modernization awards to verify that contracts were awarded properly and that funds were received and disbursed in accordance with the contracts, and to determine the existence of any excess funds.
- The Authority's progress in addressing the issues noted in our prior report (No. 2008-0645-3A).

Our tests in the above-mentioned areas disclosed no material weaknesses. Based on our review, we have concluded that, during the period July 1, 2009 through December 31, 2010, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS

PRIOR AUDIT RESULTS RESOLVED

Our prior audit (No. 2008-0645-3A) of the East Bridgewater Housing Authority indicated that the Authority had not fully resolved issues involving: (a) lack of board approval for its property maintenance plan, (b) unfunded modernization initiatives, and (c) congregate unit vacancies. Our current audit revealed that the Authority has adequately resolved these prior issues, as discussed below.

a. Official Property Maintenance Plan Approved

Our prior audit disclosed that although the Authority had incorporated into its policies and procedures a preventive maintenance plan to inspect, maintain, repair, and update its housing units, the plan had not been approved by the Authority's Board of Commissioners. The Department of Housing and Community Development's (DHCD) Property Maintenance Guide states, in part:

The goal of good property maintenance at a public housing authority is to serve the residents by assuring that the homes in which they live are decent, safe, and sanitary. . . . Every housing authority must have a preventive plan which deals with all the elements of its physical property and is strictly followed. . . . The basic foundation for your (LHA) maintenance program is your inspection effort The basic goals of an inspection program are to improve the effectiveness and efficiency of your maintenance effort. This will be achieved when you (LHA) have a thorough program of inspections when you observe all parts of the (LHA's) physical property, document the results of the inspections thoroughly, and convert the findings into work orders so that the work effort can be scheduled and organized. Inspections are the systematic observation of conditions and provide the foundation for capital improvements and long range planning, as well as a record of present maintenance needs.

A preventive maintenance program would also:

- Assist in capital improvement planning by assessing the current and future modernization needs of the Authority,
- Enable the Authority to establish procedures to assist in its day-to-day operating activities to correct minor maintenance problems, and
- Schedule major repairs with the assistance of DHCD.

Our current audit determined that the board had approved the Authority's preventive maintenance plan.

b. Modernization Initiatives Funded

Our prior audit disclosed that although the Authority had applied to DHCD for funding for modernizing its state-aided properties, these requests were not fully funded during the audit period. Our current audit determined that the Authority received capital improvement funding to complete the following modernization initiatives: a septic system (667-2), boilers (667-3), and windows (667-2) for the elderly development projects and water heaters for the family development project 705-1. DHCD has also approved a low-flow toilet project, and American Recovery and Reinvestment Act funds have been approved to replace boilers in the 705-1 family development project.

c. Congregate Units Utilized

Our prior audit disclosed that four of the Authority's eight congregate housing units¹ were occupied during the prior audit period. Our current audit determined that six out of the eight congregate units are now occupied and that the Authority is continuing to work with Community Partners of Raynham, Massachusetts to fill the two unoccupied units, which are being temporarily utilized by Personal Care Attendants.

¹A congregate unit, which is intended for use by elderly persons or persons with disabilities, contains a shared kitchen and dining area and a private living area for each individual that includes a living room, bedroom, and bathroom.